

Proposed Strategy and Work Plan

Proposed Strategy and Work Plan 2019–2023

Consultation January 2018
Comments due: June 15, 2018

Mission	<p>The International Public Sector Accounting Standards Board® (IPSASB®) serves the public interest by developing high-quality accounting standards and other publications for use by public sector entities around the world in the preparation of general purpose financial reports.</p>
Outputs	<p>The IPSASB’s authoritative standards include:</p> <ul style="list-style-type: none"> • International Public Sector Accounting Standards™ (IPSAS™) which set out requirements for financial reporting in General Purpose Financial Statements (GPFs); and • Cash Basis IPSAS. <p>The IPSASB’s non-authoritative guidance and other publications include:</p> <ul style="list-style-type: none"> • The Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities; • Recommended Practice Guidelines (RPGs) applicable to the preparation and presentation of General Purpose Financial Reports (GPFs); and • Staff papers and other documents.
Impacts	<p>The use of International Public Sector Accounting Standards™ (IPSAS™):</p> <ul style="list-style-type: none"> • Enhances transparency through comparability and quality of accrual-based financial information, enabling users to assess the financial status of public sector entities; • Increases accountability by communicating the nature and amount of resources controlled by public sector entities and how they are used, allowing users to hold governments and other public sector entities to account; and • Contributes to better information for decision makers in public sector entities to use in making judgements and delivering goods and services to users efficiently.
Strategic Input	<p>The IPSASB Consultative Advisory Group (CAG) is a forum composed of individuals from public and private sector organizations who are interested in, or affected by, the IPSASB’s work, including those engaged in the preparation, audit, or evaluation of public sector financial reports. Interaction with the CAG is a key element of the IPSASB’s due process.</p>
Oversight	<p>The IPSASB sets its standards in accordance with a transparent due process. Its governance and standard setting activities are overseen by the Public Interest Committee (PIC).</p>
Structures and Processes	<p>The structures and processes that support the IPSASB are facilitated by the International Federation of Accountants® (IFAC®).</p>
Funding	<p>The IPSASB receives financial support from IFAC®, the Asian Development Bank, the Chartered Professional Accountants of Canada, the New Zealand External Reporting Board, and the governments of Canada and New Zealand.</p>

IPSASB Proposed Strategy and Work Plan 2019–2023

Contents

▪ Foreword	1
▪ IPSASB Current Strategy ‘2015 Forward—Leading Through Change’	3
▪ Strategic Considerations—IPSAS and PFM	5
▪ The IPSASB’s Proposed Strategic Objective and Strategic Themes 2019–2023	7
▪ Proposed Work Plan 2019–2023	10
▪ Managing Strategy Delivery and Work Plan Output Quality	21
▪ Requests for Comments.....	23
▪ Appendix A: Projects Considered but not Prioritized for the IPSASB Work Plan 2019–2023	25

Foreword

■ By Ian Carruthers, IPSASB Chair



2017 marked the twentieth anniversary of the IPSAS development program. During that period, the IPSASB and its predecessor—the IFAC Public Sector Committee—developed 40 International Public Sector Accounting Standards (IPSAS), as well as three *Recommended Practice Guidelines* (RPGs), an IPSAS on reporting under the cash basis of accounting and, *The Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities* (Conceptual Framework). These, together with the introduction of a governance framework and an immense amount of outreach work by members, and others associated with its activities, have progressively allowed the IPSASB to mature into the global standard setter for public sector financial reporting.

The IPSASB’s first-ever Strategy and Work Plan consultation during 2014, together with completion of the Conceptual Framework in the second half of 2014, were landmark achievements for the IPSASB. Both have fundamentally shaped its current activities. Our work is also increasingly

being influenced by the implementation in the past couple of years of our new governance and advisory framework, comprising the Public Interest Committee (PIC) and the Consultative Advisory Group (CAG). Both of these have a public interest focus that strongly influences the IPSASB’s work.

This is a critical time for the IPSASB, as the pace and scale of IPSAS adoption have increased significantly in recent years. This is a trend that looks likely to continue, with the number of governments around the world adopting accrual accounting estimated to increase from 31% in 2015 to 71% in 2020¹. Our standards and guidance will therefore increasingly need to meet the practical requirements of a significantly expanding potential user group.

The 2015 Strategy positioned our work for the first time in the context of the drive to strengthen Public Financial Management (PFM) globally. As a result of the feedback from our constituents, the majority of our work since then has focused on IPSAS development and maintenance. In

¹ Source: PwC publication: *Global Survey on Accounting and Financial Reporting by Central Governments* (2nd Edition) 14 September 2015.

selecting and scoping the projects in our current Work Plan, the IPSASB attempted to strike a balance between addressing key public sector issues, and maintaining convergence with the major new standards issued by the International Accounting Standards Board (IASB). As the IPSASB progresses the projects approved in 2015, with a number due for completion by the end of 2018, it is now considering the direction to take in the five-year period 2019–2023, and how to allocate its resources in terms of prioritizing new projects, and other potential areas of work.

Based on the feedback obtained through the many outreach events that the IPSASB, Technical Advisors and its alumni collectively undertake, as well as the Public Sector Standard Setters Forum meetings held in 2016 and 2017, the IPSASB believes it should continue to focus its work on developing high-quality financial reporting standards for the public sector. However, the IPSASB also believes it needs to sharpen the focus of its activities in the area of promoting awareness of IPSAS and the benefits of their adoption and implementation, in particular by working more closely with global and regional

bodies to raise the profile of IPSAS with financial regulators and markets, all of whom we believe should be key advocates and more consistent supporters of IPSAS adoption.

The responses to the [IPSASB's first-ever Strategy and Work Plan consultation during 2014](#), provided valuable input that has helped shape the way the IPSASB works and its Work Plan since then. The new Strategy and Work Plan will drive the IPSASB's work during the 5-year period from 2019, as well as play a key role in strengthening PFM globally going forward. This consultation now provides the opportunity for you to have your say on its priorities for the period 2019–2023, and through doing so, to help shape the future of global public sector financial reporting standards.

To ensure the proposed direction and priorities will indeed best serve the public interest, the IPSASB needs your input and looks forward to receiving your comments.

Ian Carruthers,
IPSASB Chair ■



IPSASB Current Strategy '2015 Forward— Leading Through Change'

- The IPSASB's current strategy, "2015 Forward—Leading Through Change" published in September 2015 has a single strategic objective:

Strengthening public financial management and knowledge globally through increasing adoption of accrual-based IPSAS by:

- *Developing high-quality public sector financial reporting standards;*
- *Developing other publications for the public sector; and*
- *Raising awareness of IPSAS and the benefits of their adoption.*

It therefore firmly positions the IPSASB's activities in the broader public financial management (PFM) landscape. The IPSASB's high-quality accounting standards facilitate credible high-quality financial reporting² that is transparent and allows users the ability to hold governments and other public sector entities to account in their use of public resources, which is in the public interest.

The Strategy also identified projects that the IPSASB would add to its Work Plan for the period from 2015 through 2018. The following projects have been completed since 2015;

- *IPSAS 33, First Time Adoption of Accrual Basis IPSAS*—provides requirements and guidance for entities adopting to help with the transition to IPSAS.
- *IPSAS 34–38, Accounting for Interests in Other Entities*—updated standards to implement changes introduced by IFRS 10-12 in the public sector context.
- *IPSAS 39, Employee Benefits*—updated standard to incorporate changes to IAS 19 *Employee Benefits*.
- *IPSAS 40, Public Sector Combinations*—provides requirements and guidance on classification of combinations of public sector operations.
- *The Applicability of IPSAS*—revises the approach to how the IPSASB communicates the entities for which it develops IPSAS, by setting out principles and acknowledging the role of regulators in determining financial reporting requirements in their jurisdictions.

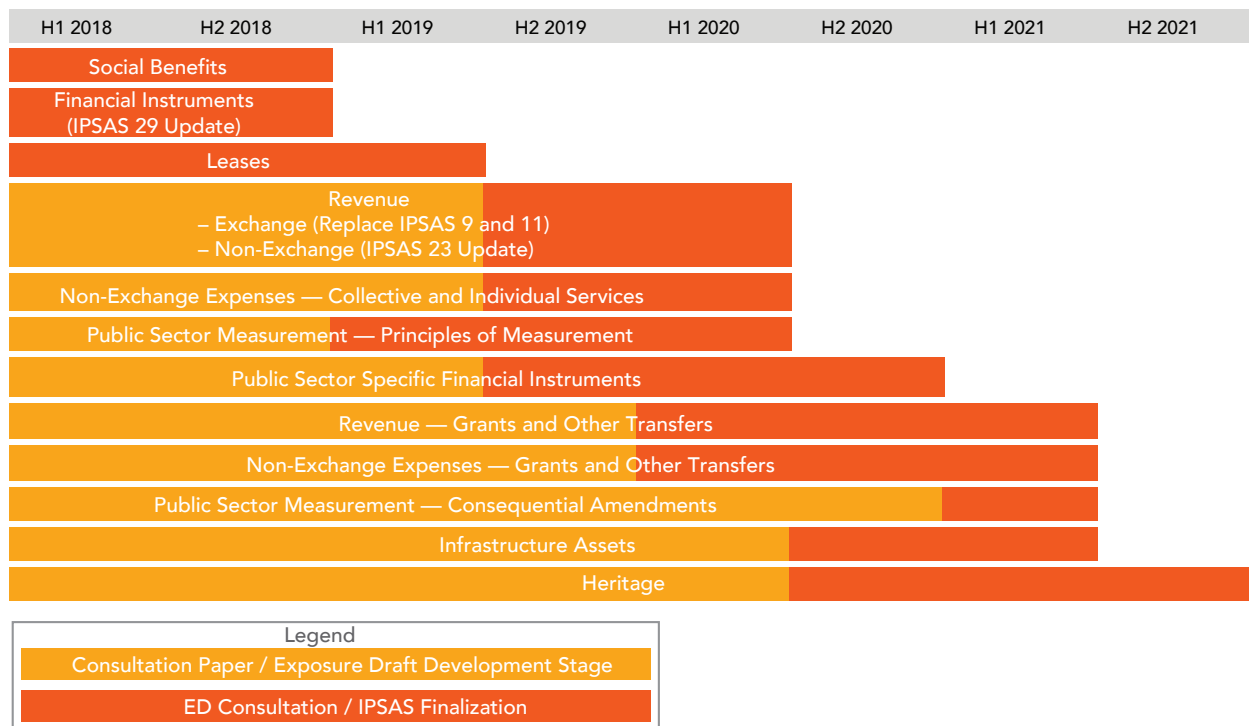
2 High-quality financial reporting is dependent on high-quality accounting standards. IPSAS are the only internationally recognized accounting standards set specifically for the public sector. IPSAS set out principles which require financial reporting that faithfully represent the economics of transactions. IPSAS are high-quality accounting standards, developed independently through a rigorous due process that serves the public interest. IPSAS can be readily applied to prepare high-quality financial reports that are useful for decision-making purposes, and which provide the transparency to allow users to hold decision makers to account for their use of public resources.

- [Recommended Practice Guideline 3, Reporting Service Performance Information](#)— provides principled guidance for reporting service performance information by public sector entities.

The current Work Plan aims to strike a balance between using the Conceptual Framework to address key public sector specific financial

reporting issues, and maintaining convergence, where appropriate, with the significant new standards that the International Accounting Standards Board (IASB) has issued recently. The IPSASB’s current assessment is that by the end of 2018 it will have completed a number of its current projects, with the others being gradually completed in the period up to the second half of 2020 as shown in figure 1:

Figure 1: Projected timelines for the IPSASB’s current projects



The above table sets out the expected progress for all ongoing projects on the current IPSASB Work Plan as at December 2017. The progress of each project will be dependent on the decisions taken by the IPSASB, feedback received from stakeholders³ in each consultation phase, and the availability of staff resources. The IPSASB reviews Work Plan progress at each meeting. The above table will be updated in December 2018 when the final version of the 2019–2023 Strategy and Work Plan is approved.

The completion of the projects in the current Work Plan will progressively provide the space from 2019 onwards to undertake new projects. This Strategy Consultation sets out the IPSASB’s proposals to address the current strategic

considerations discussed in the next section, both in terms of the IPSASB’s overall Strategic Objective and Themes, and the design and content of its Work Plan for the period 2019–2023. ■

³ This work plan assumes that CPs and EDs have standard 4-month consultation periods and assumes that there will not be any projects requiring EDs being re-exposed.

Strategic Considerations— IPSAS and PFM

- Public Financial Management (PFM), in its broadest sense, is the system by which financial resources are planned, directed, and controlled, both externally to and internally within the public sector entity, to enable and influence the efficient and effective delivery of public service outcomes.

Citizens are affected by the financial management decisions of governments and other public sector entities. In many jurisdictions, the lack of complete and audited information about government finances continues to be a major cause of concern, which impacts government accountability and informed decision-making. Moreover, concerns about the sustainability of key government programs are widespread. The longer-term impacts of the sovereign debt crisis and other challenges faced by governments (particularly around demographics and aging populations) emphasize the ongoing urgent need to strengthen the quality of financial management in governments around the world.

Accounting standards can lead to improved quality of financial reporting, which has the potential to improve decision-making in the public sector. The increasing complexity of public sector finances, together with a greater focus on the quality of public financial management, has increased demand for high-quality standards and guidance on how to adopt and implement such standards. Adoption of IPSAS is a fundamental step that governments can take to improve financial reporting and PFM

because IPSAS-based information provides a comprehensive picture of their financial performance and position.

The IPSASB is therefore committed to developing high-quality public sector accounting standards to support high-quality financial reporting. In doing this, the IPSASB's standard setting program helps increase confidence from citizens and financial markets in public institutions, which is key to economic and social stability. The application of IPSAS also facilitates governments and other public sector entities being more accountable to their citizens, and so enhances global fiscal stability, sustainability, and accountability.

These strategic considerations raise a number of challenges for the IPSASB to address during the period 2019–2023, including:

- The key gaps remaining in its public sectors specific standards and literature;
- Certain IPSAS are not up to date with the latest version of the IFRS equivalent;
- The accessibility of financial statements for non-specialist users, and civil society in general, needs improvement;

- Capacity constraints impact on the ability of many jurisdictions to undertake accrual transition projects which limits the pace of adoption. Promotion of, and support for, accrual adoption and IPSAS implementation, both in individual jurisdictions and globally, needs to be enhanced;
- The vision for, and guidance on using accrual information to strengthen PFM needs further

development, as does the evidence base for such reforms; and

- Considering how the IPSASB can further help constituents actively contribute to its standard setting and other work going forward.

These challenges have all shaped the IPSASB's proposed Strategy and Work Plan for the period 2019–2023. ■



The IPSASB's Proposed Strategic Objective and Strategic Themes 2019–2023

- The overarching Strategic Objective that the IPSASB proposes to adopt for 2019–2023 refines the one currently in use in order to provide a sharper focus for its future work.

Strengthening Public Financial Management (PFM) globally through increasing adoption of accrual-based IPSAS.

Delivered through two main areas of activity, both of which have a public interest focus:

- Developing IPSAS and other high-quality financial reporting guidance for the public sector; and
- Raising awareness of IPSAS and the benefits of accrual adoption.



Specific Matter for Comment 1

Do you agree with the IPSASB's proposed Strategic Objective 2019–2023? If you agree please provide any additional reasoning not already discussed in the document. If you do not agree please explain your reasoning and your proposed alternative.

- In order to focus its work across these two areas of activity, the IPSASB proposes to base its Work Plan on five Strategic Themes:
 - Strategic Themes A through C address the development and maintenance of standards and other forms of guidance; and
 - Strategic Themes D and E focus on raising IPSAS awareness and promoting their adoption, as well as providing greater clarity over how the IPSASB plans to influence the work of others in strengthening PFM.

Developing IPSAS and other high-quality financial reporting guidance for the public sector

Theme A: Setting standards on public sector specific issues

As the global public sector accounting standard setter acting in the public interest, the IPSASB proposes that the majority of its efforts should continue to focus on this Theme in order to address key public sector specific reporting issues not already addressed by IPSAS. The Conceptual Framework will be used as a basis for addressing these challenging public sector reporting issues. In addition, the IPSASB's policy to reduce unnecessary differences with Government Finance Statistics (GFS)⁴ will also be integral to its work. The IPSASB believes this is the main area where it can add value, as the issues under this theme have not been addressed by other standards setters and are important to users of financial statements in the public sector.

Theme B: Maintaining IFRS convergence

IFRS convergence has been a key pillar of IPSAS development since the inception of the standards program in 1997. In many instances, government activities are the same as corporate activities and so there are advantages for citizens and constituents in reporting such activities using common global financial reporting approaches where this is appropriate. The IPSASB's approach to using IASB literature where relevant⁵ allows it, as a volunteer board with a small staff team, to develop standards efficiently that address the needs of public sector users. Its policy on reducing unnecessary GFS differences is also relevant to work under this theme.

Theme C: Developing guidance to meet users' broader financial reporting needs

The IPSASB recognizes that the characteristics of the public sector mean that user needs may not always be satisfied by the financial statements alone. Therefore, it has developed guidance on broader financial reporting (Recommended Practice Guidelines 1–3⁶), where specific public interest needs have been identified. The IPSASB will continue to monitor user needs as well as emerging issues and relevant work by other standard setters in the broader financial reporting space.

4 The IPSASB considers opportunities to reduce unnecessary differences with GFS in all projects to develop standards and guidance. For further details please see the IPSASB's [Process for Considering GFS Reporting Guidelines during the Development of IPSASs](#).

5 The IPSASB also considers relevant IASB literature as part of its projects. For further details please see the IPSASB's [Process for Reviewing and Modifying IASB Documents](#).

6 The IPSASB has developed three Recommended Practice Guidelines (RPGs), which are pronouncements that provide guidance on good practice in preparing general purpose financial reports (broader financial reporting) that are not financial statements. The following RPGs have been developed: RPG 1, *Reporting on the Long-Term Sustainability of an Entity's Finances*, RPG 2, *Financial Statement Discussion and Analysis* and RPG 3, *Reporting Service Performance Information*.

Raising awareness of IPSAS and the benefits of accrual adoption

Theme D: Promoting IPSAS adoption and implementation

Promoting and encouraging the adoption and implementation of IPSAS is in the public interest as it can lead to improvements in public sector financial reporting globally, which benefits users by providing greater transparency and provides information to inform better decision-making and accountability. The IPSASB therefore has a very active approach to outreach⁷, enabling it to engage in a global dialogue with constituents on the adoption and implementation of IPSAS.

Theme E: Advocating the benefits of accrual in strengthening PFM

The IPSASB's view is that the use of accrual information provides the foundation for strong PFM. In furthering its Strategic Objective, the IPSASB works with other professional groups and sponsoring organizations to help develop the understanding of the PFM benefits of IPSAS adoption in improving transparency, accountability and decision-making.

Specific Matter for Comment 2

Do you agree with the IPSASB's five proposed Strategic Themes for the 2019–2023 period? If you agree please provide any additional reasoning not already discussed in the document. If you do not agree please explain your reasoning, including any proposed alternatives.

- The next section discusses the IPSASB's proposed Work Plan 2019–2023 in support of each of these Strategic Themes.

⁷ IPSASB members and staff undertake a considered and active constituent engagement strategy, including personal appearances, participation in discussion groups and forums, as well as using webinars and other methods of electronic communication, to inform and engage on various technical topics.

Proposed Work Plan 2019–2023

Developing IPSAS and other high-quality financial reporting guidance for the public sector

- Themes A, B and C relate to the IPSASB's central role as a standard setter, and are therefore where it has prioritized specific projects that it proposes to add to the Work Plan 2019–2023.

Criteria for project prioritization

In selecting the projects under each Theme, the IPSASB has evaluated a list of potential projects against the following criteria in order to help assess which projects would provide the greatest public interest benefits to users:

1. **Prevalence.** Whether the financial reporting issue is widespread amongst public sector entities.
2. **Consequences.** Whether the issue impairs the ability of the financial statements to provide useful and transparent information

for accountability and decision-making.

3. **Urgency.** Whether the emerging issue has recently gained significance and therefore requires consideration in the near term.
4. **Technical and Resource Considerations.** Whether a technically sound solution to the issue can be developed within a reasonable time period using available resources.

The above factors were considered together in the context of the resources available to the IPSASB, and the need for a balanced Work Plan that includes projects with a mix of complexities. ■



Specific Matter for Comment 3

Do you agree with the criteria the IPSASB has used in deciding the proposed issues to add to its Work Plan 2019–2023? If you agree please provide any additional reasoning not already discussed in the document. If you do not agree please explain why, including any proposed alternatives.

Theme A: Setting standards on public sector specific issues

- The IPSASB's primary focus recently has been in developing public sector specific standards as this is the area of main concern of users.

Public sector specific projects are a major area of the IPSASB's current and future work.

Current public sector specific projects

- **Social Benefits**—relate to key social programs, for example old age pensions and unemployment benefits and make up a significant proportion of public sector expenditure. The lack of international guidance on accounting for social benefits creates a public interest deficit. Information about social benefits can form a key input to the assessment of the sustainability of government services;
- **Non-exchange expenses**—relate to some of the most important areas of government and public sector entities' activity, such as universally accessible services including education and health care and collective services such as defense spending. Public sector transactions that give rise to non-exchange expenses are numerous and financially significant. The lack of international guidance on the recognition and measurement for non-exchange expenses creates a public interest deficit as it leads to inconsistent reporting;
- **Revenue**—the current IPSAS exchange revenue standards (IPSAS 9 and 11) are converged with IASB standards that have been superseded by the publication of IFRS 15, *Revenue from Contracts with Customers*, which provides the IPSASB an opportunity to update these standards. In addition, the approach in IFRS 15 has provided the IPSASB with an impetus to consider its approach to non-exchange revenue transactions and to address practical issues that have emerged in the application of IPSAS 23;
- **Public Sector Measurement**—translating the principles in the Conceptual Framework on measurement into more detailed guidance across the suite of IPSAS will help to ensure comparability and the assessment of value for money in the management of public sector assets and liabilities;
- **Heritage**—providing information on heritage items is in the public interest as it promotes effective management and preservation of such items for future generations; and

- **Infrastructure Assets**—citizens rely on such assets which are extensive in the public sector. The lack of specific guidance on the recognition and measurement of these assets causes practical difficulties for preparers (particularly those in the process of adopting IPSAS).

New public sector specific projects prioritized for inclusion in the 2019–2023 Work Plan

All potential projects have been assessed against the project prioritization criteria. The projects below are proposed because they provide the greatest public interest benefits. Appendix A provides summaries of the other potential projects that the IPSASB has considered, but not currently prioritized for inclusion in the Work Plan.

Natural Resources. The issue of accounting for natural resources in the public sector is prevalent in many jurisdictions. Governments often have little idea of the monetary value of natural resources until after they are extracted. However, the rights to extract such resources are often granted beforehand to third parties who then profit from their extraction. From a public interest perspective, this is an important issue, particularly in jurisdictions with resource-based and resource rich economies because the recognition and measurement of these assets impact their management and the benefits derived by citizens from their extraction. This project would not only have regard to extractive resources, but would also consider broader natural resources, such as water, natural phenomena and living species.

Discount Rates. Since the global financial crisis, the topic of discount rates used in the measurement of long-lived assets and liabilities

with long settlement dates has been a public interest concern for constituents because of the low and negative interest rate environments around the world. Although discount rates are addressed in IPSAS, some constituents argue that the low/negative interest rate environment results in an increased impact on the statement of financial position which may not appropriately recognize the time value of money, which may promote suboptimal decision-making not in the public interest. The project would therefore have a strong linkage with the current Public Sector Measurement project, and would consider the conceptual basis for existing requirements for discounting across the suite of IPSAS as well as the consistency of those existing requirements.

Differential Reporting. Some constituents advocate the development of a less complex set of requirements for small and medium sized public sector entities, with generally simple transactions, for which full IPSAS requirements are too onerous. The lack of differential reporting options may be increasing the cost of adopting IPSAS and therefore creating a barrier to adoption. From a public interest perspective, consideration of the issue of differential reporting is one that may help alleviate capacity issues of governments adopting and implementing IPSAS. However, this needs to be considered in the context of the nature of the public sector, because even small and medium sized entities need to be accountable to constituents for their use of public funds.

Conceptual Framework limited-scope review. The IPSASB developed its own Conceptual Framework as the primary basis for its future standard setting activities. In finalizing its Framework in September 2014, it drew on relevant parts of the IASB's Framework at that point. The impending revisions to the IASB's Framework have therefore increasingly raised questions about

whether the relevant aspects of the IPSASB's own Conceptual Framework should be revised. This project would therefore evaluate the changes made to the IASB's Conceptual Framework, and their relevance to the public sector. Linked to this work,

the IPSASB also proposes to evaluate the need for changes to its literature in light of the IPSASB Conceptual Framework chapters on Elements and Recognition in Financial Statements. ■



Specific Matter for Comment 4

Do you agree with the projects that the IPSASB proposes to prioritize for addition to the Work Plan 2019–2023 on Theme A: *Setting standards on public sector specific issues (Natural Resources, Discount Rates, Differential Reporting and Conceptual Framework limited-scope Review)*? If not please explain your reasoning, and any proposed alternatives.

Theme B: Maintaining IFRS convergence

The IPSASB proposes to continue to work to maintain convergence with IFRS.

The IPSASB believes that maintaining convergence with IFRS is in the public interest for the following reasons:

- **Common language.** Global public sector standards should have consistent principles and accounting outcomes when the economics of transactions are the same.
- **Mixed Group Consolidations⁸.** Different requirements are costly to those applying IPSAS when there is no public sector specific reason to develop different accounting treatments. Therefore, reducing unnecessary differences minimizes the cost of developing consolidated financial statements.
- **Leveraging Resources.** When the transactions are the same in the public and private sector, it makes sense for the IPSASB to build off the best practices in private sector reporting and develop a converged standard.

The publication of IPSAS 39, *Employee Benefits* is a recent example of the IPSASB's work to maintain convergence with IFRS.

⁸ Mixed group consolidations are when the public sector consolidates entities it controls which apply private sector accounting standards such as IFRS.

This replaced an older version of the standard and notably eliminated options for accounting for actuarial gains and losses. The IPSASB has also completed a number of minor improvements projects.

Current active projects to maintain convergence following the issue of new IFRSs are:

- Financial Instruments (IFRS 9);
- Revenue (IFRS 15); and
- Leases (IFRS 16).

Despite these projects, a number of IPSAS remain based on older versions of IFRS. The next few years present a 'catch up' opportunity as a result of the IASB 2017–2021 Work Plan, where the focus is on completion of large-scale standard setting projects, while not undertaking any new major projects.

The IPSASB has identified a number of possible projects, categorized as major projects, narrow scope projects and minor improvements. Through applying the project prioritization criteria the IPSASB identified the following major project for inclusion in the Work Plan 2019–2023:

IPSAS 18, *Segment Reporting*. Concerns have been raised about the usefulness of the reporting requirements in IPSAS 18. There are two aspects to this potential project. Firstly, IPSAS 18 is based

on IAS 14 *Segment Reporting* and this has been superseded by IFRS 8 *Operating Segments*. Secondly, the need for this project has been raised by constituents who have identified concerns with the quality and usefulness of IPSAS 18.

These constituents urged the IPSASB to consider convergence with IFRS 8 and its applicability to public sector entities, as well as the potential to increase the usefulness of information for GFS.

In managing its Work Plan, the IPSASB will also aim to incorporate narrow scope convergence projects, based on the consideration of the availability of agenda time and staff resources⁹, as well as the overall mix of complex projects dealing with public sector issues. The IPSASB will consider the potential public interest benefits of undertaking a particular project against the project evaluation criteria proposed above, and in terms of the overall balance of the Work Plan. It will also undertake regular minor improvements projects in order to address issues identified with current IPSAS as well as to incorporate relevant minor changes to IASB literature.

Detailed information related to each of the potential major projects not currently prioritized for inclusion in the 2019-23 Work Plan is provided in Appendix A. ■

Specific Matter for Comment 5

Do you agree with the project that the IPSASB proposes to prioritize for addition to the Work Plan 2019–2023 on Theme B: *Maintaining IFRS convergence (IPSAS 18, Segment Reporting)*? If not please explain your reasoning and any proposed alternatives.

⁹ The IPSASB may leverage staff resources of National Standard Setters when available to work on such IFRS narrow scope convergence projects.

Theme C: Developing guidance to meet users' broader financial reporting needs

The IPSASB proposes to monitor developments in this area rather than to undertake any specific projects.

The IPSASB has developed the following non-mandatory guidance addressing broader financial reporting needs that cannot be satisfied through general purpose financial statements alone:

- RPG 1, *Reporting on the Long-Term Sustainability of an Entity's Finances*;
- RPG 2, *Financial Statement Discussion and Analysis*; and
- RPG 3, *Reporting Service Performance Information*.

The IPSASB proposes that its main efforts during the first part of the 2019–2023 period be primarily focused on addressing public sector specific issues and to a lesser extent on maintaining convergence with IFRS. Given resource limits the IPSASB is not currently proposing to add any specific projects to the Work Plan during 2019–2023 period related to Theme C. However, it will consider whether to undertake any further work on long term financial sustainability in the light of constituent responses to ED 63 on Social Benefits.

In the interim, it will actively monitor developments in the broader narrative reporting area. Specifically, it proposes to consider the progress of the work related to Integrated Reporting <IR>, the Corporate Reporting Dialogue and the IASB's project on *Better Communication in Financial Reporting*, and become involved to the extent that this seems appropriate and necessary.

Project phasing and mid-period Work Plan update

The IPSASB will start the proposed new projects on a phased basis, with a mid-period consultation on project priorities in 2020.

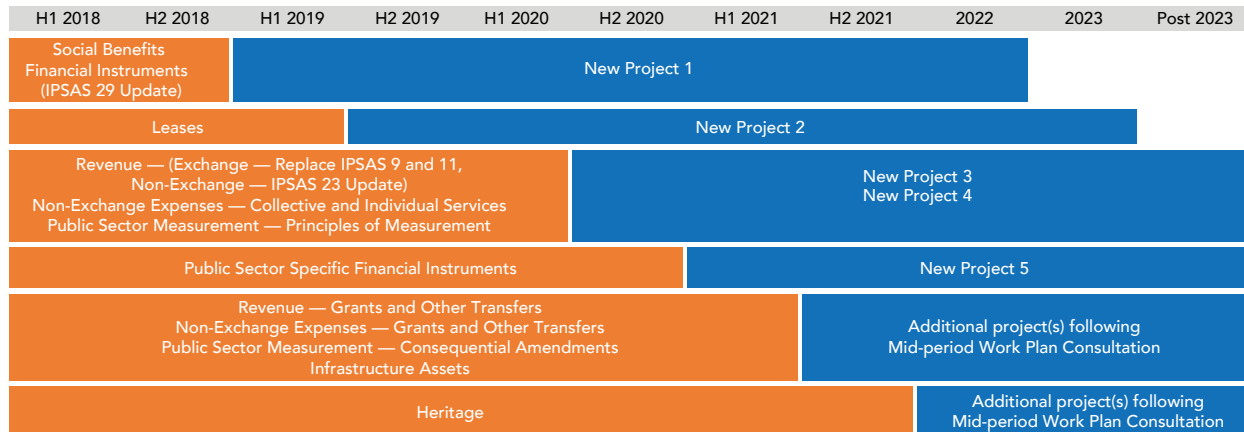
The IPSASB proposes that the projects proposed under Themes A and B be prioritized for addition to the Work Plan 2019–2023 as the projects in the current Work Plan are completed and capacity becomes available. The IPSASB will undertake initial research phases for each project, to ensure it understands the scope of public sector issues and the resource requirements, as well as what the intended output is in terms of standards and/or guidance. To ensure that the IPSASB operates in the public interest of its constituents, it is important that it undertakes this initial research phase before initiating full projects.

Anticipated progress with the IPSASB's current projects should mean that the proposed new projects are expected to commence

progressively from 2019 onwards as shown in figure 2. The IPSASB will decide the order in which the specific new projects start, based on

input from constituents, and in the light of its assessment of the priorities and resources at the relevant points in time.

Figure 2: Current Projects and Proposed Additions to the Work Plan 2019–2023



Note: Projects in orange represent current ongoing IPSASB projects, projects in blue represent those proposed for addition to the Work Plan 2019–2023. The bars represent the expected timing of completion for all ongoing projects, and the expected commencement and completion for new projects.

Although the Strategy and Work Plan is intended to remain in place throughout the period 2019–2023, the IPSASB is conscious that new reporting issues may emerge during that period, and that it will need to review priorities in the light of progress and evolving priorities. It therefore plans to hold a limited-scope public consultation during

2020 in order to obtain external input to its own ongoing consideration of these matters. In particular, the IPSASB may consider the addition of a specific Theme C project in the light of developments in the interim, the relative priority against other potential projects under Strategic Themes A and B, and available resources. ■



Specific Matter for Comment 6

Are there any projects in Appendix A that you believe should be added to the Work Plan 2019–2023 in place of a currently proposed project? If you believe that any Appendix A projects should be added, please explain your views on why the project should be included, which proposed project should not then be started and your reasoning.

Raising awareness of IPSAS and the benefits of accrual adoption

- The IPSASB sees the work related to raising awareness of IPSAS and the benefits of accrual adoption as a critical contribution to PFM reform. Given the complexity of the PFM landscape, and its own resource limitations, the IPSASB's view is that building relationships with those working in this space and engagement in their work is the most effective way of promoting the use of IPSAS in PFM reform projects. The IPSASB will therefore actively monitor the work of others in the PFM arena and look for appropriate opportunities to support their work on the international, regional and local levels through its Members, Technical Advisors, Staff and IPSASB Alumni.

The IPSASB recognizes that in some jurisdictions the public sector accounting expertise needed to implement IPSAS is limited. Further, ensuring that those using the standards understand the information being communicated is an ongoing challenge. The IPSASB responds to these challenges through its outreach activities which aim to influence others working in the wider PFM space to ensure activities are coordinated and the needs of jurisdictions are considered.

Theme D: Promoting IPSAS adoption and implementation

The PFM reform landscape within individual jurisdictions is complex, and the IPSASB's role is more limited than others groups, as shown in the table below.

Type of support	Entity Staff	Consultants / Contractors	Supranational and regional organizations	IPSASB
Promotion	✓	✓	✓	✓
Technical Guidance	✓		✓	✓
Financial	✓		✓	
Practical / Technical	✓	✓	✓	
Capacity Development	✓	✓	✓	

Promotion

The IPSASB's resources limit the extent to which it can promote IPSAS in individual jurisdictions. However, it has an active outreach program focused on speaking at conferences and attending key local meetings in support of the work of local adopters and implementers. Given the recent global momentum in the adoption of IPSAS, and indications that this momentum will continue in the 2019–2023 period, it is important that the IPSASB Chair, Board Members, Technical Advisors and Staff continue their program of outreach and engagement in order to support the efforts of:

- Those contemplating adoption and implementation;
- Those already in the process of adopting and implementing; and
- Those who have adopted and implemented.

Direct engagement is key because the needs of constituents differ depending on their progress on adoption.

The IPSASB's outreach activities in promoting adoption and implementation also present an opportunity to learn about issues that are important to users. This important feedback mechanism can identify public sector specific issues and areas for further IFRS convergence or other broader financial reporting needs that should be addressed in the future.

Technical Guidance

The IPSASB has recently updated its Cash Basis IPSAS, which sets out requirements for public sector entities reporting under the cash basis of accounting, in order to remove obstacles to

adoption encountered in practice. In doing so, it has also clarified that it sees the Cash Basis IPSAS as a step on the path to adoption of the accrual basis, rather than an end in itself.

In order to support accrual adoption, the IPSASB has issued *Study 14: Transition to the Accrual Basis of Accounting: Guidance for Public Sector Entities*. Study 14 is a practical tool to help with common challenges encountered in the transition to accrual accounting and draws upon the experiences of jurisdictions that have been through the transition already. Since the issuance of the current version in 2010, the IPSASB proposes that it should be updated to reflect changes in the IPSAS suite of standards, as well as to include further best practice examples from recent experiences of those transitioning to accrual-based IPSAS.

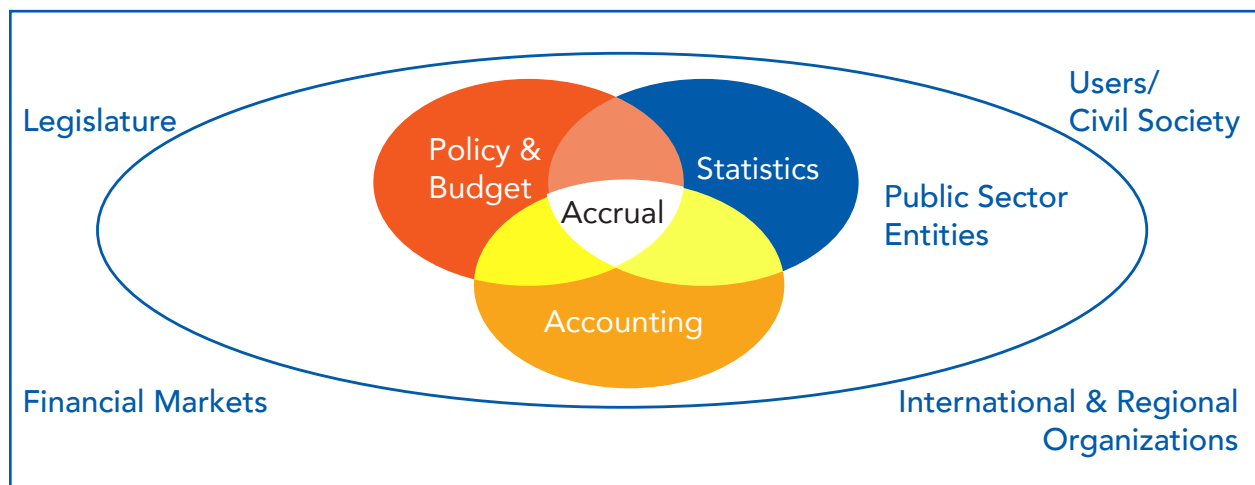
The IPSASB has recently increased its level of support for the implementation of new IPSAS through:

- Developing 'At A Glance' summaries for all significant IPSAS publications and pronouncements;
- Providing webinars on significant consultations and final pronouncements;
- Publishing an annual Handbook, which is a one stop shop to all of the IPSASB's current pronouncements;
- Issuing Staff Questions and Answers (Q & A) publications highlighting aspects of IPSASB's suite of standards which are relevant to implementation, such as the recent Q & A on Materiality; and
- Creating training materials as well as delivery of limited training activities to support IPSAS understanding. ■

Theme E: Advocating the benefits of accrual in strengthening PFM

Moving to IPSAS provides many benefits, including contributing to the delivery of Sustainable Development Goals. In order to maximize these benefits, the IPSASB believes that accrual-based information should be used for as many purposes as possible. Figure 3 illustrates the various potential users of, and the variety of uses for, accrual information in PFM.

Figure 3: Uses/Users of accrual in PFM



Other international and regional organizations provide guidance and thought leadership, or otherwise influence the use of accrual information in these broader areas of PFM. The IPSASB believes it is important to build relationships with these organizations, so that its accrual accounting expertise is drawn upon by them, in order to expand the use of accrual information for PFM purposes, and to increase the alignment between the requirements of these different user groups. In turn, their knowledge and expertise can influence the IPSASB's own work. In many cases, the IPSASB already has relationships with these organizations through its oversight and advisory structures as well as through their Observer roles on the IPSASB.

Recently the IPSASB has worked to establish more formal outreach opportunities and has actively participated in forums in this area, such as:

- The annual Organisation for Economic Co-operation and Development (OECD) Public Sector Accruals Symposium;
- Engagement with the Government Finance Statistics (GFS) Community through participation in the IMF GFS advisory committee;
- Participation in the joint IMF/World Bank/IPSASB Seminar: Transparency and Beyond: Harnessing the Power of Accrual in Managing Public Finances;
- World Bank Governance Forum; and
- Various activities and engagement with the International Organisation of Supreme Audit Institutions (INTOSAI).

The IPSASB believes that its advocacy work in the area of increasing the use of accrual in PFM should be taken forward through:

- Further work with the GFS community on reducing unnecessary differences between IPSAS and GFS in order to facilitate the use of IPSAS data for GFS purposes, and in turn its use in supporting budgetary and macroeconomic policy decisions;
- Participating in international and regional organization-sponsored PFM-related events;
- Participation in training and other 'internal' events for these organizations' staff in order to raise awareness and disseminate knowledge of IPSAS;
- Commenting on guidance and thought leadership papers during their development; and participation in relevant working groups. ■



Specific Matter for Comment 7

The IPSASB views building relationships with those working in the PFM space and engaging in their work as critical to furthering the use of IPSAS in PFM reform projects. Therefore, under Themes D and E, the IPSASB will actively monitor the work of others and look for appropriate opportunities to engage and support that work.

- Do you agree with the IPSASB's proposed approach under these Themes? If so, are you aware of any ongoing initiatives which the IPSASB should monitor and look to engage with (please provide details).
- If you do not agree, please explain your reasoning along with any proposed alternatives, and how those might be resourced.

Managing Strategy Delivery and Work Plan Output Quality

IPSAS support high-quality financial reporting for the public sector globally because they are:

Internationally recognized

Designed specifically for the public sector

Developed independently through a rigorous due process

The proposed Strategy and Work Plan 2019–2023 is ambitious, and will draw on the full capacity of the IPSASB to continue to deliver high-quality standards in a timely manner. The IPSASB’s current capacity includes:

- Seventeen volunteer members and a remunerated independent Chair who collectively commit approximately 13,000 hours of time annually.¹⁰
- An experienced full-time technical and administrative team of eight staff, with the IPSASB’s administrative structures and processes facilitated by IFAC.
- An annual operating budget¹¹ that supports staffing, meeting, travel and other direct costs necessary for the IPSASB to be able to execute its Strategy and carry out its Work Plan.

Managing delivery of the IPSASB’s Strategy and the high-quality of Work Plan outputs within these resource constraints, and with due consideration of the external context in which it operates, is a priority of the IPSASB leadership.

Key focus areas include:

International Recognition

- The strength of the IPSASB’s reputation and global acceptance of the IPSAS—Managed through:
 - Ongoing commitment to ensuring both the quality and timeliness of delivery of new standards. This includes developing high-quality principle-based standards that are usable and provide users with information that is relevant and faithfully representative;
 - Appointments through the independent nominations process which provide a diverse mix of IPSASB members, with the requisite skills, resources and capacity to contribute to the projects on the Work Plan; and
 - Attracting, developing and retaining diverse, knowledgeable and highly qualified staff.

¹⁰ In addition, most IPSASB members are aided by technical advisors.

¹¹ The IPSASB receives support from the Asian Development Bank, the Chartered Professional Accountants of Canada, the New Zealand External Reporting Board, and the governments of Canada and New Zealand. The structures and processes that support the operations of the IPSASB are facilitated by the International Federation of Accountants (IFAC).

Public Sector Specific

- **Relevance and focused on key public sector specific issues**—Managed through:
 - Collaborating with national public sector accounting standard setting boards and the IASB to leverage their work and resources, including staff support when possible;
 - Use of task forces and task based groups to aid in standards development work; and
 - Optimizing IPSASB plenary time, balancing debates on both strategic and technical considerations, and continuous improvement of effective and issues-focused material.

Rigorous Due Process

- **Strong public interest focus**—Managed through:
 - Clearly documented processes reviewed and overseen by the PIC;
 - Formal public consultations at ED stage (and CP stage where appropriate);
 - A close and active governance dialogue with the PIC and the IPSASB CAG. Including a focused responsiveness to their advice, observations, and recommendations and a steadfast commitment to developing high-quality standards in the public interest.
- **Operational effectiveness and stability**—Managed through:
 - Organizing and conducting IPSASB meetings and other activities in the most effective, efficient and timely way;
 - Using the IPSASB, staff and other resources in a focused and effective manner; and

- Maintaining relationships with existing funders, and ongoing consideration of additional approaches to increase and broaden funding base.
- **Robust outreach and communication with constituents**—Managed through:
 - Development and release of supporting communication material, such as ‘At a Glance’ and Q&A documents, webinars and podcasts, for example when addressing complex issues;
 - An extensive Chair, member and staff outreach program;
 - Platforms such as the Public Sector Standard Setters Forums to discuss national issues of international relevance; and
 - Use of technology to make meetings accessible, such as live streaming key sessions when possible.

The IPSASB will continue to monitor external developments and evaluate how changes may impact its approach to delivery of its Strategic Objective. This includes monitoring the growth of demands on the IPSASB as the adoption and implementation of IPSAS increases. ■



Requests for Comments

- This Consultation, *IPSASB Strategy and Work Plan 2019–2023*, was developed and approved by the International Public Sector Accounting Standards Board® (IPSASB®).

The proposals in this Consultation document may be modified in light of comments received before being issued in final form. **Comments are requested by June 15, 2018.**

Respondents are asked to submit their comments electronically through the IPSASB website, using the “[Submit a Comment](#)” link. Please submit comments in both a PDF **and** Word file. Also, please note that first-time users must register to use this feature. All comments will be considered a matter of public record and will ultimately be posted on the website. This publication may be downloaded from the IPSASB website: www.ipsasb.org. The approved text is published in the English language.

Specific Matters for Comments

Specific Matter for Comment 1

Do you agree with the IPSASB’s proposed Strategic Objective 2019–2023? If you agree please provide any additional reasoning not already discussed in the document. If you do not agree please explain your reasoning and your proposed alternative.

Specific Matter for Comment 2

Do you agree with the IPSASB’s five proposed Strategic Themes for the 2019–2023 period? If you agree please provide any additional reasoning not already discussed in the document. If you do not agree please explain your reasoning, including any proposed alternatives.

Specific Matter for Comment 3

Do you agree with the criteria the IPSASB has used in deciding the proposed issues to add to its Work Plan 2019–2023? If you agree please provide any additional reasoning not already discussed in the document. If you do not agree please explain why, including any proposed alternatives.

Specific Matter for Comment 4

Do you agree with the projects that the IPSASB proposes to prioritize for addition to the Work Plan 2019–2023 on Theme A: *Setting standards on public sector specific issues (Natural Resources, Discount Rates, Differential Reporting and Conceptual Framework limited-scope Review)*? If not please explain your reasoning, and any proposed alternatives.

Specific Matter for Comment 5

Do you agree with the project that the IPSASB proposes to prioritize for addition to the Work Plan 2019–2023 on Theme B: *Maintaining IFRS convergence (IPSAS 18, Segment Reporting)*? If not please explain your reasoning, and any proposed alternatives.

Specific Matter for Comment 6

Are there any projects in Appendix A that you believe should be added to the Work Plan 2019–2023 in place of a currently proposed project? If you believe that any Appendix A projects should be added, please explain your views on why the project should be included, which proposed project should not then be started and why.

Specific Matter for Comment 7

The IPSASB views building relationships with those working in the PFM space and engaging in their work as critical to furthering the use of IPSAS in PFM reform projects. Therefore, under Themes D and E, the IPSASB will actively monitor the work of others and look for appropriate opportunities to engage and support that work.

- Do you agree with the IPSASB’s proposed approach under these Themes? If so, are you aware of any ongoing initiatives which the IPSASB should monitor and look to engage with (please provide details).
- If you do not agree, please explain your reasoning along with any proposed alternatives, and how those might be resourced.

Strategy and Work Plan Consultation Timeline

Month/Year	Activity
January 2018	Issue Consultation Document
February 2018-June 2018	Roundtables and IPSASB member outreach
September 2018	Review responses / Draft Strategy Development
December 2018	Approve final Strategy and Work Plan 2019–2023
January 2019	Publish Strategy and Work Plan 2019–2023
2019–2023	Implement Strategy and Work Plan 2019–2023

Appendix A: Projects Considered but not Prioritized for the IPSASB Work Plan 2019–2023

This appendix outlines projects that have been considered for the Work Plan 2019–2023 but have not currently been prioritized for inclusion. Although these projects have not been included at this time, they will be considered and evaluated when future Work Plan consultations are undertaken. The IPSASB intends to undertake a mid-term Work Plan consultation in 2020.

Theme A: Setting standards on public sector specific issues

Intangible Assets–Public Sector Specific

Responses to the October 2012 Consultation Paper, *IPSAS and Government Finance Statistics (GFS) Reporting Guidelines*, highlighted the view that differences remain between IPSAS and GFS on the treatment of costs related to research and development (R&D). IPSAS 31, *Intangible Assets*, is based on IAS 38, *Intangible Assets*, which has rigorous requirements for the recognition of intangibles. Some constituents question if research has different objectives in the public sector that justify capitalization prior to the development stage under specific circumstances. Some also note that this project is related to the project below on *Sovereign Powers and their Impact on Financial Reporting*.

Sovereign Powers and their Impact on Financial Reporting

This potential project was identified during development of the Public Sector Conceptual Framework. Governments are unique in that they have a number of sovereign powers, for example, the power to levy taxes and to issue permits, concessions and licenses. Some constituents have questioned whether a government's sovereign powers are intangible assets that should be recognized and measured in the financial statements.

Military Assets

IPSAS 17, *Property, Plant, and Equipment*, applies to specialist military equipment. These items or transactions usually account for a significant

proportion of government expenditure. The IPSAS and Government Finance Statistics (GFS) project identified that guidance on the capitalization, classification and measurement of weapons and platforms would be helpful. This might lead to more uniform IPSAS application by governments and enhance consistency with GFS. One of the key aspects of the project is when to apply IPSAS 17 and when to apply IPSAS 12, *Inventories*. Another issue highlighted by constituents is the sensitivity of disclosing information on military assets.

Accounting for Tax Expenditures

IPSAS 23, *Revenue from Non-exchange Transactions (Taxes and Transfers)* has different requirements for tax expenses (benefits paid through the tax system, for example health insurance contributions) and tax expenditures (use of the tax system to encourage or discourage behaviors, for example allowing homeowners to deduct mortgage interest from gross income to reduce taxable income). IPSAS 23 requires taxation revenue to be presented net of tax expenditures. The treatment of tax expenditures raises a public interest concern because of the potential lack of transparency in the provision of tax concessions, which impairs the accountability of governments.

Asset Retirement Obligations

This project would consider the need for amendments to guidance related to legal and non-legally binding obligations for the decommissioning of tangible capital assets. This project would consider revisions to IPSAS 17, *Property, Plant, and Equipment* and IPSAS 19, *Provisions, Contingent Liabilities and Contingent Assets* and would be informed by the Conceptual Framework.

IPSAS 22, Disclosure of Financial Information about the General Government Sector

IPSAS 22 was issued in December 2006. Since then there have been significant developments, including revisions to the GFS related pronouncements referenced in IPSAS 22. The Consultation Paper, *IPSASs and Government Finance Statistics (GFS) Reporting Guidelines*, outlined options for the future of IPSAS 22 given its very limited application (only one country is known to be applying IPSAS 22). Respondents' views on the future of IPSAS 22 were divided between the three options in the CP—withdraw, replace and revise. When IPSAS 22 was developed, it was noted that the benefits of applying IPSAS 22 might not exceed the costs for those governments that do not regularly report this information and it was on that basis that IPSAS 22 was not made mandatory. This project would identify revisions to IPSAS 22 arising from changes to GFS and barriers to implementation, and could build on changes in segment reporting requirements arising from the proposed revision of IPSAS 18. ■



Theme B: Maintaining IFRS convergence

IPSAS 1, Presentation of Financial Statements

IPSAS 1 is based on the December 2003 version of IAS 1 *Presentation of Financial Statements*. The IASB issued a revised version of IAS 1 in September 2007 which introduces other comprehensive income as a component of financial performance separate from profit or loss. There have been further subsequent amendments to IAS 1, notably in June 2011, and the IASB currently has a research project on the primary financial statements and an active project on materiality that has already resulted in a Practice Statement. Recent changes to IAS 1 have resulted from the IASB's ongoing Disclosure Initiative project. The chapter on Presentation in the IPSASB's Conceptual Framework completed in 2014, would also influence a future project to update IPSAS 1.

IPSAS 20, Related Party Disclosures

IPSAS 20, *Related Party Disclosures*, is based on the 1994 version of IAS 24, *Related Party Disclosures*. In 2009 the IASB issued a revised IAS 24 to simplify the definition of a "related party" and to provide a partial exemption from the disclosure requirements for some government-related entities. The structure and substance of IPSAS 20 differs significantly from IAS 24.

IFRS 5, Non-Current Assets Held for Sale and Discontinued Operations

The IPSASB has previously taken a view that the measurement requirements for non-current assets held for sale in IFRS 5 are not appropriate for the public sector. However, during the project to develop IPSAS 40, *Public Sector Combinations*, it was suggested that there may be a need to evaluate to the appropriateness of IFRS 5 to the public sector and that the IPSASB should undertake a convergence project.

IFRS 6, Exploration for and Evaluation of Mineral Resources

The IASB issued IFRS 6, *Exploration for and Evaluation of Mineral Resources*, as an interim standard until it develops a comprehensive standard for the exploration for and evaluation of mineral resources. IFRS 6 effectively allows an entity to continue to use the accounting policies applied immediately before the adoption of IFRS. Extractive industries are the exploration for, and discovery of minerals, oil and natural gas deposits, and the development and extraction of those deposits. The IPSASB has proposed that Natural Resources be included in the Work Plan 2019–2023. As a result of the interim nature as well the commercial focus of IFRS 6 the IPSASB will not converge with IFRS 6. However, IFRS 6 will

be considered in the research phase to inform the IPSASB's work on this challenging topic.

IFRS 14, Regulatory Deferral

Accounts

Rate regulation is the setting of customer prices for services or products often when an entity has a monopoly or dominant market position that gives it significant market power. In the public sector some controlled entities are subject to regulation, for example government owned telecommunications entities.

IFRS 14 is an interim standard while the IASB continues its project on Rate Regulated Activities. It is unlikely that the IPSASB would undertake a project on rate regulated activities until the IASB completes its project, as the impact of an IASB pronouncement on regulators would need to be assessed. If the IPSASB did initiate a project in this area, it would focus on governments and regulatory bodies that have rate regulatory powers.

IFRS 17, Insurance Contracts

IFRS 17 provides principle-based guidance to account for all types of insurance contracts. This is a topic with potential applicability in the public sector in areas such as export credit guarantees. However, to date the IPSASB has not identified a demand for an IPSAS, primarily drawn from IFRS 17 or a view that the absence of such an IPSAS creates a public interest deficit. The IPSASB included an optional insurance accounting approach in its ED 63, *Social Benefits* for those schemes which are fully funded and have the characteristics of insurance schemes and are managed like insurance contracts. This optional proposal for social benefits refers to an

appropriate national or international insurance standard—IFRS 17 or a standard based on IFRS 17.

IAS 34, Interim Financial Reporting

A project on interim financial reporting would provide guidance on what should be included in interim reports. This project is likely to be most applicable for jurisdictions that have already adopted accrual-based IPSASs and so might result in the development of a Recommended Practice Guideline. The IASB provides non-mandatory guidance in IAS 34 and this might serve as the starting point. Issues that might need to be considered include whether full remeasurement of assets and liabilities is required at each interim reporting date. Only a limited number of jurisdictions produce interim accounts and it is questionable whether a public interest need exists related to this project. ■



Theme C: Developing guidance to meet users' broader financial reporting needs

Revising RPG 1, Reporting on the Long-Term Sustainability of an Entity's Finances

Since RPG 1 was issued the IPSASB has considered if such a report should be made mandatory. The ongoing Social Benefits project has highlighted the need for broader sustainability reporting, to complement information in the financial statements. Deteriorating public finances, ageing populations and low growth rates in many countries mean that the public interest benefits of this project are becoming more apparent. ED 63, Social Benefits asks constituents whether the IPSASB should initiate a project to make RPG 1 mandatory because of the broader financial reporting information needs related to Social Benefits. Depending on the ED 63 constituent feedback (comment period closes March 31, 2018), this project may be added to the Work Plan 2019–2023.

IASB Initiative—Better Communication in Financial Reporting

Borne out of the IASB's previous work related to its disclosure initiative, work in this area is based on the IASB's desire to make the communication of financial information more effective. The IASB's work related to this initiative relates to:

- Primary Financial Statements;
- Principles of Disclosure;
- Definition of Material;

- Materiality Practice Statement; and
- IFRS Taxonomy.

The IPSASB recently published a staff document: *The Application of the Concept of Materiality to the Preparation of Financial Statements* that provides reporting entities with guidance on making materiality judgments in the preparation of the financial statements. The IPSASB will monitor developments related to this IASB initiative to determine if outputs related to it may be applicable to improving financial communication in the public sector.

Defining Public Sector Key Financial Performance Indicators

Constituents argue that the benefits of accrual IPSAS are fully realized when the information is used to inform decision-making. The lack of defined key performance indicators for public sector entities is a limitation. Therefore a project that looks to identify and define such key performance indicators may enhance the power of accrual IPSAS and lead to better comparative information.

Public Sector Guidance for Cost Accounting

Cost accounting can benefit from high-quality accrual information. Guidance on cost accounting is important to PFM, because it is needed both to measure performance and to better evaluate if public sector entities are providing public services in an efficient manner. Some constituents consider there is a need for principles and a standardized

methodology for cost accounting in order to promote better comparability of such information between entities and jurisdictions, with the aim of making better use of accrual information for management purposes. ■



Monitoring broader financial reporting initiatives

Integrated Reporting <IR>

In recent years alternative forms of broader financial reporting have emerged. In particular, <IR> is a process founded on integrated thinking that results in a periodic integrated report by an organization about value creation over time and related communications regarding aspects of value creation. An integrated report is a concise communication about how an organization's strategy, governance, performance and prospects, in the context of its external environment, lead to the creation of value in the short, medium and long term. High-quality financial reporting is the foundation of an <IR> report and the work of the IPSASB can inform and enhance <IR>. Therefore it is important for the Board to monitor the work in this area.

Corporate Reporting Dialogue

The Corporate Reporting Dialogue (CRD) is an initiative designed to respond to market calls for greater coherence, consistency and

comparability between corporate reporting frameworks, standards and related requirements. The IPSASB's constituents often raise similar concerns, which is why the IPSASB will continue to monitor CRD developments to assess their relevance to public sector financial reporting.

Global Reporting Initiative

The Global Reporting Initiative (GRI) helps businesses and governments worldwide understand and communicate their impact on critical sustainability issues such as climate change, human rights, governance and social well-being. This facilitates action to create social, environmental and economic benefits for everyone. The GRI Sustainability Reporting Standards are developed with multi-stakeholder contributions and rooted in the public interest. The GRI standards deal with issues that are of interest to the IPSASB's constituents and therefore the IPSASB will continue to monitor developments to consider their relevance to public sector financial reporting. ■

COPYRIGHT, TRADEMARK, AND PERMISSIONS INFORMATION

International Public Sector Accounting Standards, Exposure Drafts, Consultation Papers, Recommended Practice Guidelines, and other IPSASB publications are published by, and copyright of, IFAC.

The IPSASB and IFAC do not accept responsibility for loss caused to any person who acts or refrains from acting in reliance on the material in this publication, whether such loss is caused by negligence or otherwise.

The 'International Public Sector Accounting Standards Board', 'International Public Sector Accounting Standards', 'Recommended Practice Guidelines', 'International Federation of Accountants', 'IPSASB', 'IPSAS', 'RPG', 'IFAC', the IPSASB logo, and IFAC logo are trademarks of IFAC, or registered trademarks and service marks of IFAC in the US and other countries.

Copyright © January 2018 by the International Federation of Accountants (IFAC). All rights reserved. Permission is granted to make copies of this work to achieve maximum exposure and feedback provided that each copy bears the following credit line:

"Copyright © January 2018 by the International Federation of Accountants (IFAC). All rights reserved. Used with permission of IFAC. Permission is granted to make copies of this work to achieve maximum exposure and feedback."

Published by:



International
Federation
of Accountants®



**International Public
Sector Accounting
Standards Board®**

529 Fifth Avenue, New York, NY 10017

T + 1 (212) 286-9344 **F** + 1 (212) 286 9570

www.ipsasb.org